



NEWS RELEASE

MONTANA DISTRICT OFFICE

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SBA Lending Increases Sharply For 1st Quarter of FY10

***More loans and dollars are going to small businesses
in Montana compared to last year's numbers***

Helena, MT - The Small Business Administration's (SBA) loan activity in Montana continues to make strong strides, in both numbers and dollars with substantial increases in the first quarter of fy 2010 versus the same period in 2009.

During the first quarter, 173 SBA loans were approved for a total of \$28.2 million, which is an increase of 124 percent in dollar volume and 131 percent in loan volume compared to fy 2009. Drilling down further, the 7a loan program saw a big jump in both categories, with a 98 percent increase in dollars and a 120 percent increase in volume. Four 504 SBA loans were done for the first quarter of fy 2010, versus no loans during the first quarter of fy 2009.

"With additional access to capital, small businesses have the ability to create and retain jobs, make investments, and take other steps that stimulate growth and improve the local and national economy," said Montana District Director, Michelle Johnston.

Two provisions in the Recovery Act contributed greatly to the increased activity. The guaranty percentage was raised to 90 percent and fees were eliminated for most SBA loan programs. This provided additional security to lenders making loans to small businesses and greatly reduced the cost to borrowers. "The Recovery Act was instrumental in providing the spark needed to jumpstart lending to small business here in Montana", added Johnston.

The 7(a) Loan Program is SBA's primary program to help start-up and existing small businesses obtain financing when they might not be eligible for business loans through normal lending channels. SBA does not make loans, but guarantees a portion of loans made and administered by commercial lending institutions. These loans are the most basic and commonly used type of SBA loan. They are flexible, since financing can be guaranteed for a variety of general business purposes, including working capital, machinery and equipment, furniture and fixtures, land and building, leasehold improvements, and some debt refinancing. Loan maturities can be up to ten years for working capital and up to 25 years for fixed assets.

SBA's 504 Loan Program is designed to assist entrepreneurs obtain long-term, fixed-rate financing for capital assets like the purchase of real estate and equipment. Recognizing that small business owners sometimes have more difficulty getting traditional business financing but need funds to grow, the 504 loan program provides financing for entrepreneurs to invest in their own facilities, expand and create new jobs. The community gets the benefit of additional jobs, business growth and tax revenues from a growing small business.

For more information about the Recovery Act and its small business provisions, visit www.sba.gov/recovery.

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